

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:

A-1950

DATE OF INTRODUCTION:

January 29, 2008

SPONSOR:

Assemblywoman Cruz-Perez

DATE OF RECOMMENDATION:

February 22, 2008

IDENTICAL BILL:

COMMITTEE:

Assembly Appropriations Committee

DESCRIPTION:

The Bill makes revisions to a number of aspects of the Sales and Use Tax Act (N.J.S.A. 54:32B-1 et seq.) in an effort to conform New Jersey's law with various provisions of the Streamlined Sales and Use Tax Act of which New Jersey is a member. Areas of change include definitions relating to telecommunications, direct mail, sales price and fur clothing.

The Bill also would eliminate the imposition of sales tax on limousine services and excludes from sales tax health and fitness, athletic, sporting club and organization membership and initiation fees and dues.

ANALYSIS:

To date, the Commission has not supported any legislation which seeks to repeal new revenue initiatives such as the impositions on membership fees and limousine services. As these are new revenue sources for the State, the Commission generally views these types of repeals as counterproductive. However, the Commission is aware of the State's current obligations under the Streamlined Sales and Use Tax Agreement and recognizes the need for conforming legislation to pass.

It is based on this apparent contradiction in the State's interests that the Commission opposes the measure unless and until provisions mandating repeal of sales tax imposition on limousine services and membership and initiation fees and dues sales are removed from the Bill.

RECOMMENDATION:

The Commission does not recommend enactment of this Bill as currently written.

COMMISSION MEMBERS FOR PROPOSAL: 0

COMMISSION MEMBERS AGAINST PROPOSAL: 5

COMMISSION MEMBERS ABSTAINING: 0